

24 July 2020

To whom it may concern,

Thank you for the opportunity to comment on the discussion paper “A Housing Strategy for NSW”.

Renew (Alternative Technology Association Inc trading as Renew Australia) is a national, not-for-profit organisation that supports residents and consumers to live sustainably. We have helped thousands of households save money and reduce their environmental footprint with information on energy efficiency, solar power, rainwater tanks, materials reuse and waste.

Renew engages with more than 250,000 people each year around Australia and beyond. We work with more than 11,000 members in a network of 14 active branches throughout the country. We have been providing expert, independent advice on sustainable solutions for the home to households, government and industry since 1980.

We congratulate the NSW government on the current strategic planning process and welcome the opportunity to contribute.

As an organisation representing household energy consumers, we have focussed our submission on Theme 4: Responsive and Resilient Housing.

Homes should be healthy, safe, comfortable, and affordable to run. But too many people in NSW and around Australia are living in homes that are not fit for purpose.

The poor energy performance of many homes, combined with significant rises in energy costs over the past decade, and increasingly extreme weather fuelled by the climate crisis, means that a significant and growing proportion of the population are now living in homes that are damp, too cold in winter and too hot in summer.

Improving the energy performance of homes benefits everyone: it means lower bills; better health; more comfortable living; reduced greenhouse gas emissions; and less pressure on the energy grid through reduced energy use. But many people are held back from taking individual action because they don't realise their home could be better, don't know where to get reliable advice, can't afford the upfront costs, face language or cultural barriers, or because they rent their home.

Only government action to address these barriers will ensure the benefits of sustainable homes are shared by everyone.

**We have an important opportunity to act to bring NSW homes up to scratch by:**

- **Setting minimum health and energy performance standards for rental homes**
- **Investing in energy upgrades for low income households**
- **Improving consumer rights through the mandatory disclosure of home energy ratings**
- **Implementing better energy standards for new homes in the National Construction Code**
- **Building back better and more resilient in the face of extreme weather and bushfires**

## 1. Minimum rental standards

In the 2016 Census, 31.8% of dwellings in NSW were rented. The proportion of rented dwellings was 27.5% in the 2001 Census and has consistently risen over the past two decades.

Rental homes are on average less energy efficient than owner-occupied homes, and are less likely to include energy saving elements such as insulation. A key reason for this is the split incentive for energy efficiency improvements: while the benefits of energy upgrades are enjoyed by renters through reduced bills and improved comfort, it is generally landlords (who do not receive an immediate benefit) who would be expected to pay for upgrades. This is of particular concern for renters who are vulnerable to the health impacts of poor energy performance and extreme weather events.

The barriers to renters upgrading energy performance to their homes – including upfront costs, insecure leases, and split incentives – mean that clear regulated minimum standards are a key measure required to improve the energy performance of rental homes.

The benefits of bringing rental homes up to scratch will far exceed the cost. Standards would result in improvements to public health, reductions to household energy costs, mitigation of climate pollution, and the creation of local jobs. Rental standards will be particularly beneficial for low-income renters, people with disabilities, and older Australian renters.

The NSW Government has already recognised that the minimum standards that protect homes from heat and cold are both vital and affordable. The Government's 2016 Draft Plan to Save NSW Energy and Money proposed introducing minimum energy efficiency standards for all rental homes, requiring property owners to bring properties up to standard. The Draft Plan also proposed a ratings system for the energy efficiency of rental properties. This plan was projected to save \$987 million dollars of renters' electricity bills over 30 years, easily paying for itself in economic benefits as well as contributing to reduced emissions.

Recommendation 1: Implement minimum health and energy standards for rental properties including ceiling insulation, energy efficient heating and cooling, draught sealing, and energy efficient hot water.

## 2. Home energy upgrade plans for low-income households

People on low-incomes are particularly burdened with the cost of poor energy performance. Low income households pay disproportionately more of their income on energy (on average, 6.4%) compared to households on the highest income quintile (who pay an average of 1.5% of income).<sup>1</sup>

Long-term strategic planning is required for energy upgrade programs that focus on low income households, including social housing, rental homes, and low-income homeowners.

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<sup>1</sup> [https://www.acoss.org.au/wp-content/uploads/2018/10/ACOSS\\_Poverty-in-Australia-Report\\_Web-Final.pdf](https://www.acoss.org.au/wp-content/uploads/2018/10/ACOSS_Poverty-in-Australia-Report_Web-Final.pdf)

The current circumstances of high unemployment due to the COVID-19 pandemic mean that significant opportunities exist for investment that will create jobs and leave long-term benefits for the state's most vulnerable residents.

Alongside our community coalition partners, [Renew has proposed the National Low Income Energy Productivity Program](#).<sup>2</sup> The plan incorporates investment from state and Federal governments to upgrade up to 1.7 million homes nationally.

The proposal has four components:

- Social housing - Federal and state/territory governments provide matching funds to invest in energy efficiency upgrades and solar PV installations for social housing dwellings.
- Low-income home owners - The Federal Government partner with state/territory, local councils and community organisations to provide energy efficiency audits, upgrades and solar PV installations for low-income owner occupiers.
- Inefficient rental properties - Over the next two to three years, COAG Energy Council is working on a proposal to implement mandatory energy efficiency standards for rental properties. In the meantime, the Federal Government could provide grants to landlords to support the upgrade of poor performing rental properties.
- Low-income appliance replacement offer – Governments provide subsidies for low-income households to replace inefficient appliances, or purchase more energy efficient appliances.

Recommendation 2: invest in energy upgrade programs for low-income households, including social housing, rental homes, and low-income homeowners

### 3. Increase energy performance standards of new homes

The National Construction Code (NCC) sets minimum requirements for the design, construction, and performance of buildings. It is determined through COAG agreement and administered by the NSW government. The NCC currently sets a minimum energy efficiency rating of 6 stars (NatHERS).

There is an important role for the NSW government in planning and implementing continual improvements in energy performance standards for new homes.

Setting minimum energy standards for new buildings works. Whereas new buildings have a minimum standard of 6 stars currently, homes built before minimum standards came into effect in 2005 have an average rating nationally of 1.5-2 stars.<sup>3</sup>

Increases to the stringency and design of minimum standards can drive improvements in housing quality, as well as build industry knowledge and capacity for continual improvements.

Nonetheless, it has now been 10 years since the introduction of the 6 star standard. This standard has not kept pace with other major economies and will influence liveability for the lifetime of newly

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<sup>2</sup> <https://renew.org.au/advocacy/nlepp/>

<sup>3</sup> <https://www.energy.gov.au/sites/default/files/evaluation-5-star-energy-efficiency-standard-residential-buildings-report-2013.pdf>

built homes. The failure to increase the minimum standard to 7 stars in the 2019 NCC update has already locked in nationally an estimated \$2.6 billion in wasted energy bills and \$930 million of additional electricity network investments by 2030.<sup>4</sup>

The NSW government should support and contribute to the Federal process of increasing minimum energy performance standards for new homes.

Furthermore, we encourage the government to plan for further increases and the role of NSW as the administering jurisdiction. State jurisdictions have an important role in implementing new home standards by ensuring compliance, supporting consumer rights through clear guidance and ratings, and furthering construction industry capacity for energy efficient building practices through education, skills development, and supply chain issues.

Recommendation 3: Support and implement increases to energy efficiency standards in the National Construction Code.

#### **4. Ratings and disclosure of energy performance**

NSW should aim to collaborate with other jurisdictions to enact a clear and comprehensive home energy rating system and mandatory energy rating disclosure scheme.

There is significant community and consumer confusion about home energy ratings. A number of different ratings tools exist nationally (often not aligned with the BASIX system). A very low proportion of home buyers or renters seek or access meaningful rating information about the energy performance of their home.

We support the principle of ensuring clear and trusted information about home energy ratings is made available as a consumer right. The clear way to achieve this is by implementing a clear and consistent rating system, and by requiring the disclosure of ratings at the point of sale or lease.

As per the national Trajectory for Low Energy Existing Homes process, there are clear benefits to aligning rating systems to ensure a nationally consistent tool that is applicable to all existing homes. A nationally consistent scheme would make setting and measuring trajectories for improvements against the goal of achieving zero energy (and carbon ready) existing homes. It would provide equity between housing tenure types and jurisdictions. A rating system should be performance based; require an independent home assessment; be low cost and accessible; and provide clear advice on how to improve the rating and performance.

For ratings disclosure to be effective, purchasers must be able to compare 'apples with apples' meaning disclosure must be mandatory, applying to all homes. This is supported by ample evidence that voluntary schemes have not been effective in driving largescale change, with some voluntary rating tools achieving penetration rates of less than 0.5% across the Australian building industry. In contrast, the mandatory national Commercial Building Disclosure program has significantly increased

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<sup>4</sup> <https://renew.org.au/submission/community-response-to-ncc-scoping-study/>

the energy efficiency of Australia's offices, delivering well over \$72 million in savings and over \$168 million in improved occupant productivity.<sup>5</sup>

Disclosure does have the potential to be effective in driving improvement in particular where decision-makers have meaningful discretion in the choices they make on the basis of the information. This is likely to be particularly the case in the private sale market, where prospective home purchasers have more discretion and could utilise efficiency information to make informed judgements about the relative affordability (upfront and ongoing) of different homes. Mandatory disclosure of ratings may improve outcomes in competitive rental market situations however should be implemented as a complementary measure to minimum standards.

Recommendation 4: develop clear and consistent energy ratings tools and require the mandatory disclosure of home energy ratings at the point of sale or lease.

## 5. Resilience to bushfires and extreme weather events

Climate change is driving more extreme weather, including heatwaves and bushfire conditions.

The NSW government should plan strategically both to mitigate the risk of extreme weather events driven by climate change through a climate mitigation strategy; and to adapt to the danger of these events by making homes and communities more resilient.

Following the 2009 Victorian Black Saturday bushfires, in partnership with Green Cross, Renew developed resources to support affected communities build back better, greener and more resilient to bushfire danger.<sup>6</sup>

These resources need updating to ensure their relevance to opportunities, standards and technologies that are most appropriate in 2020 and for the next three to five years. This includes physical housing standards such as layout, materials, ventilation, community planning, and shelter.

Aside online resources, on the ground support (through community education, Renew's Speed Date A Sustainability Expert events<sup>7</sup> and one on one Energy and Building Consults) are needed to further support people and communities to make the best decisions possible when building back.

**Renew would greatly appreciate the opportunity to engage with the NSW Government to discuss further opportunities in this space.**

Heatwaves represent a significant risk for NSW residents. Heatwaves have been described as "silent and invisible killers of silenced and invisible people" because of the danger posed to vulnerable or older community members or people with existing health conditions. These risks are greatly increased by homes that are not able to be actively or passively cooled to a safe level.

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<sup>5</sup> <https://renew.org.au/submission/renew-submission-to-trajectory-for-low-energy-existing-buildings/>

<sup>6</sup> <http://builditbackgreen.org/>

<sup>7</sup> <http://sdse.ata.org.au/>



Leading in sustainability

Evidence-based planning for the health impacts of heatwaves and the measures required to ensure resilient and safe homes for vulnerable community members should be a key strategic priority.

Recommendation 5: plan and resource responses to improve the resilience of NSW homes in the face of increased bushfires, heatwaves, and extreme weather events.

Thank you for your consideration of our submission. Please do not hesitate to contact us if you would like to discuss any matter raised.

Yours faithfully,

**Rob McLeod**

Sustainable Housing Advocate

Renew (Alternative Technology Association t/as Renew Australia)